



## Changes to Pesticide Broker Licensing

November 2005

A new California law going into effect January 1, 2006, will close loopholes and ensure that first sellers of pesticides into the state, **other than registrants**, obtain a pesticide broker's license from the Department of Pesticide Regulation (DPR). The goal of Assembly Bill 1011 (Chapter 612, Statutes of 2005) is to promote a safe, fair, and equitable marketplace by ensuring that all who sell pesticides in California pay their fair share for environmental programs. This new legislation could impact some of your customers if they ship nonagricultural use pesticide product into the state of California. Please pass this notice along to them.

A pesticide registrant has primary responsibility for reporting the amount of pesticides it distributed or sold in the state of California and paying the mill assessment. The law has long required that pesticide registrants pay this assessment. The only exceptions are either when the registrant was not the first seller into or within California, or when the registrant did not know the pesticide would be sold for use in the state. In those situations, the person making the first sale must pay the mill assessment.

This mill assessment on the sales of pesticide products supports California's statewide pesticide regulatory program carried out by DPR and the county agricultural commissioners. Mill fee revenues provide about two-thirds of the funding for California's pesticide regulatory program. The rest comes from registration and licensing fees, and other special funds. In 2004, the sales assessment was 21 mills, or 2.1 cents on each dollar of sales. (A "mill" is one-tenth of a cent.)

DPR requests sales reporting information and mill assessment payments from all registrants quarterly. DPR also requests payment and sales data from *licensed* pest control dealers and pesticide brokers. However, until now, licensing requirements have applied only to dealers and brokers selling agricultural use pesticide products. Sellers of nonagricultural pesticides did not receive these requests because they were not required to have a license.

DPR investigators have confirmed significant gaps collecting mill assessment fees from sellers other than registrants. In particular, these problems occur in the sales of nonagricultural pesticides. ("Pesticides" is a widely misunderstood term. It includes not only the common home-and-garden insecticides and herbicides, but also disinfectants, sanitizers, mildew removers, pool chemicals, and insect repellents, among other products. Nonagricultural pesticides include pesticides labeled for home use; use in structural pest control; industrial uses such as commodity treatment; institutional uses including landscape maintenance near buildings; and control of pests on pets).

In recent years, business practices have changed significantly. In today's marketplace, most registrants no longer sell direct to retail stores. Smaller, independent retailers often buy pesticides from intermediaries or brokers that buy from registrants. Large nationwide "big box"



retailers may make bulk purchases direct from registrants, often outside California, and then coordinate product shipping through distribution centers that can serve stores in more than one state. This web of purchasing and distribution has complicated the task of determining who is the first seller of pesticides in California, documenting sales, ensuring that pesticides are properly registered with the State, and collecting the required mill fee.

To close this loophole, the Legislature passed and the Governor signed a bill requiring licensing of all first sellers of nonagricultural pesticide into the State. This is the most effective and efficient means to close the regulatory gap and ensure collection of mill assessment on all pesticides sold for use in California.

### **What will change:**

- All first sellers of nonagricultural pesticides (other than registrants) into California will be subject to new requirements, and must:
  - Obtain a pesticide broker license. No fee will be charged.
    - Application form (PR-PML-217) will be online at:  
<http://www.cdpr.ca.gov/docs/license/lcforms.htm>. For more information, call DPR's Licensing and Certification Program at (916) 445-4038, or by email to [LicenseMail@cdpr.ca.gov](mailto:LicenseMail@cdpr.ca.gov).
  - Report California sales data quarterly and pay applicable mill assessment.
  - Keep records of purchases and California sales subject to mill assessment for four years.
  - Keep copies of invoices showing payment of mill assessment.
  - Make records available for DPR audit.
- California pesticide retailers of nonagricultural pesticide products must:
  - Keep records of sales subject to mill assessment for four years--if applicable.
  - Keep a list of sellers they bought pesticide from over the most recent 12 months.
  - Make records available for DPR audit.

### **More information:**

DPR's Mill Assessment Branch will implement the new legislation. The Branch is developing more detailed information that will be posted on the Department's Web site, [www.cdpr.ca.gov](http://www.cdpr.ca.gov). The Branch's home page is at: [www.cdpr.ca.gov/docs/mlassess/masesmnu.htm](http://www.cdpr.ca.gov/docs/mlassess/masesmnu.htm), phone (916) 445-4159, and email [millassessment@cdpr.ca.gov](mailto:millassessment@cdpr.ca.gov).